



"People
helping people
help
themselves"

Mitchell E. Daniels, Jr., Governor
State of Indiana

DIVISION OF DISABILITY AND REHABILITATIVE SERVICES
402 W. Washington Street, P.O. Box 7083
Indianapolis, IN 46207-7083
1-800-545-7763

May 22, 2007

Letter to All Providers

The purpose of this letter is to inform you that the Indiana Division of Disabilities and Rehabilitation Services (DDRS) is initiating a provider reimbursement rate study, and is requesting your participation. The rate study is focused on the developmental disabilities, autism, and support services Medicaid 1915(c) waiver programs.

As part of this reimbursement rate study, we are **requiring** that you complete a cost survey which is attached to this letter. Instructions for both requests are included in the attachments to this letter.

The following material outlines the steps of the rate study and what is needed from providers.

PURPOSE: Recent discussions with the Centers for Medicare and Medicaid (CMS) have revealed that Indiana's current reimbursement rate methodology needs refinement. Specifically, CMS requires that providers be reimbursed for actual services delivered, that the rate for each waiver service are discreet and "transparent", and that the rates treat all providers in a "fair and equitable" fashion. Additionally, CMS has directed that a standardized fee schedule be linked to the OASIS service utilization guidelines.

RATE DEVELOPMENT TASKS & TIMELINES

The provider reimbursement rate initiative involves four key tasks. These tasks are rate development, rate shadowing, rate testing, and rate implementation. A description of each task is as follows:

1. **Rate Development:** Rates will be developed using provider cost data and market analysis data. Provider cost data will be obtained from the provider costs reports completed by each agency. These provider cost reports are required from ALL PROVIDERS STATEWIDE and will be due to DDRS by June 22, 2007. These reports should be submitted electronically to Kellie Calita at Kellie.Calita@fssa.IN.gov. Market analysis data and audited financial statements will be collected by Davis Deshaies LLC. The initial draft rates will be published by July 2007.



2. Rate Shadowing: Rate shadowing will begin in July 2007 and continue through December 2007. The initial draft rates will be distributed to ALL PROVIDERS STATEWIDE together with an electronic rate shadowing tool. All providers will compare their current level of reimbursement with the projected reimbursement under the new rates, and report the results by the 15th day of each month (e.g. July 2007 results will be due on August 15, 2007). Based upon finds during the shadowing process, the initial rates will be revised and refined. Also during the shadowing phase, adjustments to the provider invoicing process will be made to accommodate the new rate schedule.
3. Rate Testing: Rate testing will begin in January 2008 and will involve ONLY PROVIDERS IN DISTRICT 4. For those providers, the revised rate schedule and invoicing process will be implemented. Providers will be reimbursed under the new schedule starting in January 2008. During the testing phase, additional rate adjustments and revisions will be made as needed. Providers will also test the revised invoicing / billing system to ensure that DDRS can make payment in an accurate and timely fashion. Rate testing will continue through June 2008. At that time, the standardized reimbursement rate schedule will be published in final edition.
4. Rate Implementation: Rate implementation will begin in July 2008 and continue through December 2009. Implementation will occur on a BDDS District basis and will be phased over the eighteen month period. The implementation schedule will be determined during the rate testing phase.

Please complete the provider cost report document which is attached. Electronic versions are available at www.davisdshaies.com. Both reports are due electronically to Kellie Calita no later than June 22, 2007. Kellie can also be reached by telephone at 317.234.2708.

As always, your assistance is very much appreciated.

Sincerely,

Peter Bisbecos